

Page 14

1 group in the engine division only.
 2 Q. Okay. And you replaced Mr. Warner?
 3 A. Correct.
 4 Q. When did Caterpillar decide to stop reimbursing
 5 for flywheel house and flywheel house bolt
 6 repairs on Trans-Spec trucks?
 7 A. From my discussions with the people I named
 8 earlier, I'm of the understanding that it was
 9 mid 2003.
 10 Q. What is Caterpillar Extended Service Coverage
 11 Plus?
 12 A. Extended Service Coverage Plus is a coverage
 13 program that is a purchased program that covers
 14 specific components for defects in Caterpillar
 15 material and workmanship for a specific amount
 16 of time as noted on the contract.
 17 Q. What entity offered Trans-Spec the extended
 18 service coverage?
 19 A. Who offered them this extended service
 20 coverage?
 21 Q. Yes.
 22 A. I'm not sure if it was the Caterpillar -- I
 23 don't -- I don't know exactly who offered it to

Page 15

1 them specifically.
 2 Q. Does Caterpillar offer this program or is it
 3 something that's offered by local Caterpillar
 4 dealers, such as --
 5 A. Caterpillar has the program available.
 6 Q. -- Southworth Milton?
 7 MR. GRUNERT: I should probably object to
 8 the form because I think the witness is
 9 struggling with your use of the word "offered".
 10 In the sense of who's the contracting
 11 entity or --
 12 MR. SAMITO: I'm going to get to that.
 13 BY MR. SAMITO:
 14 Q. I want to know first off who offered the
 15 extended service coverage to Trans-Spec.
 16 MR. GRUNERT: I object to the form.
 17 A. I guess if you would clarify "offered"?
 18 Q. Who contacted Trans-Spec and said would you
 19 like to participate in this program?
 20 A. I do not know who specifically made that.
 21 Q. Is it a Caterpillar program?
 22 A. It's a Caterpillar program.
 23 Q. Why does Caterpillar offer customers the

Page 16

1 extended service coverage plan?
 2 MR. GRUNERT: Object to the form and also
 3 beyond the scope of the notice.
 4 You can answer it if you're able to do
 5 that on your personal knowledge.
 6 But that's not within the scope of
 7 anything she was asked to testify about.
 8 MR. SAMITO: Well --
 9 MR. GRUNERT: She hasn't prepared herself.
 10 MR. SAMITO: -- what we're getting into IS
 11 compliance at issue here.
 12 MR. GRUNERT: You can answer if you can
 13 answer based on personal knowledge. It's
 14 beyond the scope of the notice.
 15 A. Repeat the question, please.
 16 Q. Why does Caterpillar offer customers the
 17 extended service coverage plan?
 18 A. Because the marketplace asked for a coverage
 19 plan in addition to what's available under
 20 standard warranty, but it is not -- it's an
 21 option, it's not something that everybody
 22 participates in.
 23 Q. Is it offered to all Caterpillar customers?

Page 17

1 A. It is available for purchase by any Caterpillar
 2 user owner.
 3 Q. So anybody could purchase it?
 4 A. If they own a Caterpillar engine. And -- and
 5 there's a coverage program available for
 6 purchase.
 7 Q. Does Caterpillar have to make any determination
 8 as to which customers to offer the extended
 9 service coverage plan to?
 10 A. It's -- it's a publicly available program,
 11 anyone is available to purchase and
 12 participate.
 13 Q. Are you aware of any conferences that were held
 14 between Harry Calderbach(ph) and Chad Bixby in
 15 terms of determining whether to offer the
 16 extended service coverage plan?
 17 A. No, I am not.
 18 Q. Did Caterpillar offer it on several 3176
 19 engines purchased by Trans-Spec in the mid
 20 1990's?
 21 A. I am not aware of that information.
 22 Q. Do you know if Caterpillar offered it and
 23 Trans-Spec accepted as to any of Trans-Spec's

EXHIBIT

tabbles

Exhibit D

<p style="text-align: right;">Page 50</p> <p>1 warranty at the same time. 2 (Whereupon a discussion was held 3 off the record.) 4 BY MR. SAMITO: 5 Q. When did you first learn of claims coming in 6 regarding flywheel housing or flywheel housing 7 bolt failures on the c-12? 8 MR. GRUNERT: Object; beyond the scope of 9 the notice. 10 Answer if you can from personal knowledge. 11 A. I'm not specifically aware of the date. I'm 12 not aware of a specific date. 13 Q. Did you ever learn that there were claims 14 coming in on flywheel housing and flywheel 15 housing bolts on the C-12? 16 A. No. 17 Q. You never heard that? 18 A. Not until this came up. 19 Q. When did you first learn about Trans-Spec's 20 problems? 21 A. In this situation. The date, I'm sorry, I 22 don't remember the date. Recently. 23 Q. Within the last six months?</p>	<p style="text-align: right;">Page 52</p> <p>1 A. No, I did not. 2 Q. You didn't do any research into that area to 3 prepare for this 30(b)(6) deposition, did you? 4 MR. GRUNERT: No, because it was beyond 5 the scope of the notice. 6 BY MR. SAMITO: 7 Q. Do you know why Caterpillar decided to stop 8 reimbursing for flywheel housing and flywheel 9 housing bolts failures on Trans-Spec's C-12s? 10 A. In my discussion with Rob Smith and Brad 11 Bowdoin, I understand that they made the 12 decision that these repairs should no longer be 13 covered. 14 Q. Why? 15 A. Because they felt it was not a failure in CAT 16 material or workmanship, it was not a defect of 17 the Caterpillar material or workmanship. 18 Q. Who did they consult with when they came to 19 that decision? 20 A. I understand that that information was 21 communicated back to the CAT dealer. 22 Q. I'm asking who did they communicate with when 23 they made the decision? Did they speak with</p>
<p style="text-align: right;">Page 51</p> <p>1 A. Correct. 2 Q. Did Caterpillar stop reimbursing under warranty 3 for extended service coverage for flywheel 4 housing and flywheel housing bolt repairs on 5 C-12s owned by a company other than Trans-Spec? 6 A. I'm not aware of our specific actions. 7 MR. GRUNERT: I object, it's beyond the 8 scope. 9 Q. Well, what I'm trying to get at is, is 10 Trans-Spec the only company that you stopped 11 reimbursing flywheel housing and flywheel 12 housing bolts for? 13 A. I have not looked at the data regarding 14 flywheel housing repairs and claims to see what 15 was paid or not paid. 16 Q. As head of the warranty claim department for 17 on-truck engines, do you know? 18 A. That is not something that I get into the 19 detail on. 20 Q. Never heard anything about C-12 flywheel 21 housing and flywheel housing bolts warranty 22 claims and that Caterpillar decided to stop 23 reimbursing?</p>	<p style="text-align: right;">Page 53</p> <p>1 any Caterpillar engineers? Did they speak with 2 a 6 Sigma team? Did they make this decision on 3 their own? 4 A. I understood product health was involved, Brad 5 Bowdoin. I do not know specifically who else 6 he worked with in making that determination. 7 Q. What were the communications that they had with 8 Brad Bowdoin? 9 A. I understand that they reviewed the detail with 10 Brad, shared technical information with him, 11 shared the service history with him. 12 Q. Who is Brad Bowdoin? 13 A. At that time he was a product health -- product 14 health engineer. I'm not specific on his job 15 title. 16 Q. Was he an engineer? 17 A. I do not know if engineer was in his title. 18 Q. Do you know if he even has an engineering 19 degree? 20 A. I do not know if he has an engineering degree. 21 Q. Has he ever served as an engineer? 22 A. I'm not exactly clear if he's an engineer or if 23 he did engineering functions. He was in</p>

Page 54

1 product health.
 2 Q. Are either of the two gentlemen who made the
 3 decision to stop reimbursing for Trans-Spec's
 4 problems, are either of them engineers?
 5 A. I do not know.
 6 Q. Is there any documents that were looked at when
 7 Caterpillar made this decision to stop
 8 reimbursing for Trans-Spec's --
 9 A. I am not aware of what documentation was
 10 provided between the district office and
 11 product health.
 12 Q. Did you ask in preparation for this Rule
 13 30(b)(6) deposition?
 14 A. I'm not -- I don't recall exactly if they
 15 looked at iron, I do know they looked at repair
 16 history.
 17 Q. Was the decision to stop reimbursement for
 18 Trans-Spec's flywheel housing and flywheel bolt
 19 failures on C-12 engine a specific decision as
 20 to Trans-Spec or was it part of a larger
 21 Caterpillar policy on this issue?
 22 A. I understand from visiting with Brad Bowdoin
 23 and Rob Smith that the conditions surrounding

Page 55

1 the units of Trans-Spec were such that they
 2 determined that it was not a CAT defect in
 3 material and workmanship.
 4 Q. How did they come to that determination?
 5 A. Through the discussion of the application the
 6 unit was in. I don't know all the details that
 7 were shared between them.
 8 Q. Did you --
 9 A. But they also looked at the history of the C-12
 10 in general and that particular failure and
 11 determined that this was not a problem.
 12 Q. Was any engineer involved in making that
 13 determination?
 14 A. I cannot say. I do not know.
 15 Q. Was any engineer report involved in making that
 16 determination?
 17 A. I do not know.
 18 Q. Was any 6 Sigma team involved in making that
 19 determination?
 20 A. I understand there was a 6 Sigma team. I do
 21 not recall when it was chartered or when it was
 22 completed.
 23 Q. Do you know if anyone contacted anybody in that

Page 56

1 6 Sigma team for guidance on this issue?
 2 A. Who are you referring to as anyone?
 3 Q. Anyone from the warranty claims department.
 4 A. I'm not aware of anyone within the warranty
 5 department who contacted the 6 Sigma team.
 6 What -- what date are you --
 7 Q. At any time regarding Trans-Spec's flywheel
 8 housing or flywheel housing bolt failures.
 9 A. I'm not aware of any direct conversation
 10 regarding Trans-Spec and flywheel housing
 11 failures and the 6 Sigma team.
 12 Q. Can you give me the positions of the two
 13 gentlemen who decided to stop reimbursing for
 14 Trans-Spec's flywheel housing and flywheel
 15 housing bolt failures?
 16 A. Brad Bowdoin, he was in product health. I'm
 17 not sure what his specific title was at the
 18 time.
 19 Q. And who was the other person?
 20 A. I believe he was the primary person that was
 21 involved. I do not know who else he'd involved
 22 in making that decision other than the field
 23 rep was Rob Smith.

Page 57

1 Q. Where was Rob Smith located?
 2 A. I'm not exactly sure which city he lived in at
 3 the time. He was the rep in the northeast at
 4 that time.
 5 Q. Was he in the Connecticut office?
 6 A. I do not know which office he was located in.
 7 Q. Who is Michael Powers?
 8 A. At that time he was the regional manager of the
 9 northeast district.
 10 Q. Was he involved in this decision as well?
 11 A. I understand he was involved.
 12 Q. How was he involved?
 13 A. I understood he -- he spoke with Louis Vachon
 14 regarding the details of the matter. And
 15 confirmed with Louis that it was not a
 16 Caterpillar problem.
 17 Q. Who is Louis Vachon?
 18 A. At that time he was the supervisor of the truck
 19 engine call center.
 20 Q. Was Mr. Vachon an engineer?
 21 A. I do not know.
 22 Q. Did Mr. Vachon speak with any 6 Sigma team in
 23 coming up with this decision?

15 (Pages 54 to 57)

Page 58

1 A. I do not know who Louis may or may not have
 2 spoken to.
 3 Q. Who else may have been contacted as part of the
 4 decision making process to stop reimbursing for
 5 Trans-Spec flywheel housing failures and
 6 flywheel housing bolt failures?
 7 A. I'm not sure who else was contacted.
 8 Q. Were there any documents on this issue?
 9 A. I am not aware of any document specific to
 10 Trans-Spec.
 11 Q. Any e-mails on this issue?
 12 A. I'm not aware of any e-mails specific to
 13 Trans-Spec.
 14 Q. Who was the specific person who made the
 15 decision to stop reimbursing Trans-Spec for
 16 flywheel housing and flywheel housing bolt
 17 failures?
 18 MR. GRUNERT: I'll object to the form.
 19 A. I'm not exactly sure if there was one person
 20 specifically involved. I know Brad Bowdoin had
 21 significant input into the decision.
 22 Q. But there's not one person that you can point
 23 to as having the authority to make this

Page 59

1 decision?
 2 MR. GRUNERT: Object to the form.
 3 A. I cannot say that one person made this
 4 decision.
 5 Q. So if I asked you who made the decision --
 6 A. I know Brad Bowdoin was significantly involved
 7 in making the decision.
 8 Q. Did they make any determination that it was a
 9 Sterling problem.
 10 A. I do not know if they determined what the root
 11 cause of the problem was.
 12 Q. Why did Caterpillar decide to stop providing
 13 reimbursement?
 14 A. Caterpillar determined that it was not a defect
 15 in material or workmanship.
 16 Q. How did they determine that?
 17 A. Based on the information that was provided from
 18 the field from the dealer and looking at the
 19 information on all C-12s in the field.
 20 Q. Who provided the information? You referred to
 21 the dealer in the field. Who --
 22 A. I'm not sure who specifically provided it. I
 23 don't know if it was Al Cardoza specifically.

Page 60

1 That's the name I've heard has been involved
 2 but I don't know if he was the only one who
 3 provided information.
 4 Q. Did anyone ever contact you or anyone else at
 5 Caterpillar to inquire about the denial of
 6 reimbursement?
 7 A. I was never contacted regarding the denial of
 8 claims for Trans-Spec for flywheel housing --
 9 Q. Was any --
 10 A. -- repairs.
 11 Q. -- one else at Caterpillar contacted?
 12 A. Was anyone else at CAT contacted for --
 13 Q. About Trans-Spec's problem either by Trans-Spec
 14 or someone calling on Trans-Spec's behalf or
 15 communicating on Trans-Spec's behalf via e-mail
 16 or fax or letter, phone call?
 17 A. I do not know. I stated what my understanding
 18 is of Rob Smith's involvement, Mike Powers and
 19 to a limited degree Al Cardoza. I'm not aware
 20 of any other communication.
 21 Q. Do you know how the decision was communicated
 22 to Trans-Spec?
 23 A. I am not aware of how that was done.

Page 61

1 Q. Did you try to find out pursuant to the Rule
 2 30(b)(6) deposition preparation?
 3 A. I understood the decision was made, the
 4 district rep was informed. And beyond that, it
 5 was between them and the CAT dealer to
 6 communicate that information back to the
 7 customer.
 8 Q. Who was the district rep at the time?
 9 A. I believe that was Mike -- Rob Smith.
 10 Q. Did you call Rob Smith to check to prepare for
 11 this deposition?
 12 A. I did have conversation with Rob, but I do
 13 not -- I do not believe we spoke specifically
 14 as to how the customer was informed of the
 15 decision.
 16 Q. Do you know if Trans-Spec tried to contact
 17 Caterpillar in any way to ask about this
 18 decision?
 19 A. I was not contacted by Trans-Spec. I do not
 20 know if they tried to contact anyone in
 21 Caterpillar.
 22 Q. Do you know if Al Cardoza called in
 23 Trans-Spec's behalf?

<p style="text-align: right;">Page 66</p> <p>1 MR. GRUNERT: Object to the form.</p> <p>2 A. I am not aware of other customers that were</p> <p>3 running Sterling trucks and whether or not they</p> <p>4 had flywheel housing repairs.</p> <p>5 Q. Is Trans-Spec the only customer that</p> <p>6 Caterpillar refused to reimburse for flywheel</p> <p>7 housing and flywheel house failures?</p> <p>8 MR. GRUNERT: Object to the form.</p> <p>9 A. I am not aware of any specifics beyond</p> <p>10 Trans-Spec.</p> <p>11 Q. Did Caterpillar resume reimbursing for</p> <p>12 Trans-Spec's flywheels and flywheel housings in</p> <p>13 August 2004?</p> <p>14 MR. GRUNERT: You can look at your</p> <p>15 documents if you want.</p> <p>16 A. Under what program are you referring to?</p> <p>17 Q. In any program.</p> <p>18 A. I believe some claims were paid under good will</p> <p>19 after 2004.</p> <p>20 Q. Were any paid pursuant to extended service</p> <p>21 coverage?</p> <p>22 A. I believe there was one claim paid to extended</p> <p>23 service coverage.</p>	<p style="text-align: right;">Page 68</p> <p>1 A. It was \$2,389.73.</p> <p>2 Q. And that included the cost of a new flywheel</p> <p>3 house?</p> <p>4 A. Yes.</p> <p>5 Q. What else did it include?</p> <p>6 A. Pipe plug, washer, cap, bolt, dowel and the</p> <p>7 flywheel housing.</p> <p>8 Q. And then you said a number of repairs were</p> <p>9 reimbursed under good will. Why was this one</p> <p>10 specifically reimbursed under ESC?</p> <p>11 A. The claim was filed as a flywheel housing</p> <p>12 failure and the analyst understood that the</p> <p>13 flywheel was a covered component and paid for</p> <p>14 it as such.</p> <p>15 Q. What about the decision in 2003 to stop</p> <p>16 reimbursing on Trans-Spec's flywheel housing</p> <p>17 failures?</p> <p>18 A. I found no evidence that our group was informed</p> <p>19 of that decision.</p> <p>20 Q. The warranty claim division never even knew</p> <p>21 that Caterpillar had stopped reimbursing</p> <p>22 Trans-Spec for the flywheel housing failures?</p> <p>23 A. No, we were not made aware of that decision.</p>
<p style="text-align: right;">Page 67</p> <p>1 Q. What was that one claim?</p> <p>2 MR. GRUNERT: Claim number Q931105.</p> <p>3 Q. What was that claim for?</p> <p>4 A. Correct flywheel housing.</p> <p>5 Q. And when was it dated?</p> <p>6 A. Which day are you referring to?</p> <p>7 Q. When was the repair performed?</p> <p>8 A. Repair was performed August 17th, 2004.</p> <p>9 Q. How do you know it was reimbursed under</p> <p>10 extended service coverage?</p> <p>11 A. I can see on the claim what coverage programs</p> <p>12 the expense was assigned to.</p> <p>13 Q. Was the flywheel housing repair specifically</p> <p>14 assigned to extended service coverage or were</p> <p>15 other repairs -- In other words, I know that</p> <p>16 sometimes claims are split where some of the</p> <p>17 money comes pursuant to extended service</p> <p>18 coverage and some are pursuant to good will.</p> <p>19 A. This particular claim the parts were expensed</p> <p>20 to standard warranty and the labor was expensed</p> <p>21 to extended service coverage.</p> <p>22 Q. And the parts that were expensed to warranty</p> <p>23 were flywheel housing?</p>	<p style="text-align: right;">Page 69</p> <p>1 Q. So was this a mistake to cover this under the</p> <p>2 extended service coverage?</p> <p>3 A. This repair should not have been covered.</p> <p>4 Q. Under extended service coverage?</p> <p>5 A. Under either warranty or extended service</p> <p>6 coverage due to -- due to the decision that</p> <p>7 was made in 2003 that had determined that this</p> <p>8 failure was not a defect in CAT material or</p> <p>9 workmanship.</p> <p>10 Q. Was this claim eventually covered under good</p> <p>11 will? In other words, was it deemed to be</p> <p>12 erroneous pursuant to extended service coverage</p> <p>13 or standard warranty and ended up getting</p> <p>14 covered by good will?</p> <p>15 A. I do not know if this claim was subsequently</p> <p>16 debited and reissued.</p> <p>17 Q. How about the other claims that were reimbursed</p> <p>18 pursuant to good will, why were they -- why</p> <p>19 were they covered by good will?</p> <p>20 A. Which claims?</p> <p>21 MR. GRUNERT: Object to the form.</p> <p>22 BY MR. SAMITO:</p> <p>23 Q. Well, you tell me. You referred to a number of</p>

Page 74

EXAMINATION BY MR. GRUNERT:

Q. Ms. Colmer, Mr. Samito asked you the reason why the people who made the decision that Trans-Spec flywheel and flywheel housing failures should no longer be paid under warranty, what they took into account in making that decision, and you testified I think to the effect that they took into account not only information they had gotten from the dealer about application, but also the general performance of C-12 engines or words to that effect.

Can you explain what you mean by that part of the answer?

A. I understood that when they looked at the failure history on Trans-Spec's units they looked at the history of flywheels in general on all C-12s and that there was not a significant failure rate in relationship to the failure rate that Trans-Spec was seeing that was occurring on Trans-Spec units, that the failure on Trans-Spec's units was significantly

Page 75

greater than the general population of C-12s.

MR. GRUNERT: That's all I have.

MR. SAMITO: I have a few more. Possibly one, we'll see.

FURTHER EXAMINATION BY MR. SAMITO:

Q. Did Caterpillar routinely stop reimbursing under warranty if it saw a repair that was out of the ordinary?

MR. GRUNERT: Object to the form.

A. Caterpillar's decisions to discontinue paying claims are based upon the fact on whether or not they deem it as a defect in material or workmanship.

Q. Well, one more I guess. How did the fact that flywheel housings usually don't break or fail, how did that play into this decision to stop reimbursing for Trans-Spec?

A. One of the areas that was heavily considered was the significant failure rate of the -- was the significant failures of the flywheel housings on these units, repetitive failures that did not show up in the general population.

Page 76

Q. Did the people who make the decision consider that other companies owning C-12 engines had also had flywheel housing failures and flywheel housing bolt failures on them?

A. I believe that they looked at the claim history on the C-12 population when making that decision.

Q. And is it determinative if a customer of Caterpillar submits a claim for a relatively rare failure, is that determinative on whether or not Caterpillar's going to reimburse?

A. The decision to reimburse is based upon whether or not the failure is the result of a defect in CAT material or workmanship.

Q. So the fact of the rate of incidence of the failure really doesn't matter, does it?

MR. GRUNERT: Object to the form; contrary to what she testified to.

MR. SAMITO: I'm trying to ask how it matters but I'm not getting an answer to that question.

MR. GRUNERT: Can you answer that question? I object to the form of it.

Page 77

A. I understand it was due to the repetitive nature of the failures and the additional information that they had acquired on these units that allowed -- that led them to make that decision.

MR. SAMITO: I have nothing more.

MR. GRUNERT: Thank you, that's all I have.

FURTHER DEPONENT SAYETH NOT